

Council Meeting of  
May 6, 2014

Honorable Mayor and Members  
Of City Council  
City Hall  
Torrance, California

Members of Council:

**SUBJECT: City Treasurer - Accept and file Investment Report for March 2014**

**RECOMMENDATION**

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of March 2014.

**FUNDING**

Not applicable

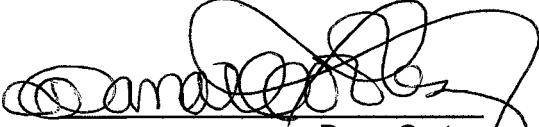
**BACKGROUND**

On December 17, 2013, Your Honorable Body, through passage of Resolution 2012-94, adopted an official "Statement of Investment Policy" as recommended by the City Treasurer. The City's Statement of Investment Policy requires the City Treasurer to report a monthly statement of investment activity. This requirement is provided in the attached report.

**Investment Committee Note**

The Investment Committee, made up of the Finance Director, City Manager, City Attorney, City Treasurer and Deputy City Treasurer, as created by your Honorable Body, has reviewed the attached report.

Respectfully submitted,



Dana Cortez  
City Treasurer

Noted:



LeRoy J. Jackson  
City Manager

CC: City Manager  
City Clerk





**CITY of TORRANCE**  
**Monthly Investment Portfolio Report**  
**March 31, 2014**

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**II. RESTRICTED FUNDS**

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## Investment Report Summary Notes for March 2014

### **Investment Activity during the Period**

The investment activity for March included 5 purchases and 3 redemptions.

#### **Purchases**

| <b>Issuer</b>                         | <b>PAR VALUE</b> | <b>TERM</b> | <b>RATE</b> | <b>YIELD</b> | <b>Structure</b> |
|---------------------------------------|------------------|-------------|-------------|--------------|------------------|
| Federal National Mortgage Association | 2,000,000        | 4.1 years   | .875%       | 1.320%       | Bullet           |
| Crescent Bank & Trust                 | 245,000          | 4.4 years   | 1.500%      | 1.500%       | Bullet           |
| First State Bank West Virginia        | 245,000          | 2.0 years   | .450%       | .450%        | Bullet           |
| Federal Farm Credit Bank              | 3,000,000        | 4.2 years   | 1.300%      | 1.330%       | Bullet           |
| Katahdin Trust & Bank                 | 245,000          | 5 years     | 1.250%      | 1.150%       | Bullet           |

#### **Redemptions**

| <b>Issuer</b>                   | <b>PAR VALUE</b> | <b>TERM</b> | <b>RATE</b> | <b>YIELD</b> | <b>STATUS</b> |
|---------------------------------|------------------|-------------|-------------|--------------|---------------|
| Federal Home Loan Mortgage Corp | 2,000,000        | 3.5 years   | .750%       | .750%        | Called        |
| Federal National Mortgage Assoc | 1,000,000        | 5 years     | .750%       | .585%        | Called        |
| Federal National Mortgage Assoc | 1,000,000        | 5 years     | .875%       | .627%        | Called        |

The LAIF balance decreased by \$5.2 million and the average monthly yield was .236%. During the month of March we had 3 LAIF deposits and 7 withdrawals (activity detail on page 3 of the investment report). The LAIF (less TRAN set aside) balance as of March 31, 2014 was \$16.5 million. February 28, 2014 portfolio balance was \$166,247,276 and the balance as of March 31, 2014 was \$165,274,598. The total portfolio decreased by \$ 0.9 million.

### **Liquidity of the Portfolio**

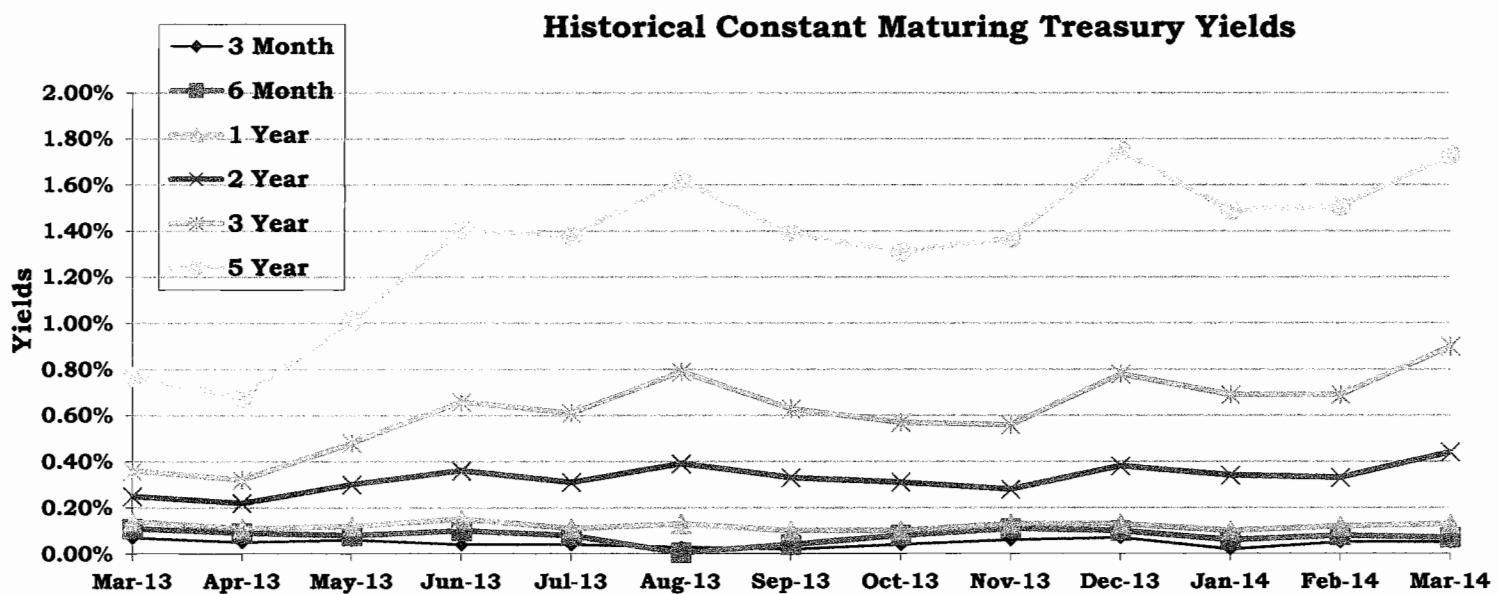
- The current goal is to keep the portfolio at an average maturity between 2 to 3 years based on current economic trends. The goal was set between 2 to 3 years as a gauge to meet liquidity needs and in order to take advantage of rising interest rates. Average maturity is a moving target which is contingent upon the current state or conditions of the economy. The portfolio's current average maturity is 887 days or 2.4 years. This is a 26 day increase from the previous month.
- The City is in compliance with California Government Code Section 53646 which requires local agency to report its ability to meet pooled expenditure requirements for the next six (6) months. Currently, our projected cash flows for the next six months show that anticipated inflows exceed outflows in the amount of \$9.1 million excluding LAIF that has a projected average balance of \$12.2 million for the same period.
- The goal is to keep an average \$10-\$20 million in liquid assets in order to meet operational needs and for any unexpected expenditures that may arise. During the second half of the fiscal year, per TRAN requirements, we set aside 50% of the TRAN payments in January and the remaining balance in May which increases our liquidity by the amount of these payments. The upcoming TRAN payment is \$30.6 million inclusive of interest due.

### **Investment Comparison to Benchmark**

For the month of March the City's yield to maturity on pooled investments was .946%. The yield increased 3 basis points or .03% from the previous month. The average effective rate of return for fiscal year-to-date is 1.09%. The average yield on the 2 year U.S. Constant Maturing Treasury (CMT) was .44% which reflects an increase of 11 basis points or .11% compared to the prior month. The portfolio performed above the benchmark (CMT) by 51 basis points or .51%. As the economy improves and interest rates continue to slowly move upward we will see the spread between the portfolio performance and our benchmark tighten. When short end of the yield curve begins to rise we can expect LAIF rates to trail also.

## Investment Report Summary Notes for March 2014

The graph below tracks the US Constant Maturing Treasury yields for the past twelve month period for a variety of terms.



## I. POOLED FUNDS



# Investment Report

## March 2014

### Investment Portfolio Highlights

|  | <u>Current Month</u> | <u>Previous Month</u> |
|--|----------------------|-----------------------|
| <b>RETURN</b>                                    |                      |                       |
| Effective Rate of Return                         | 1.090%               | 1.110%                |
| Average City Portfolio YTM                       | 0.946%               | 0.915%                |
| Average U.S. Treasury Constant Maturity - 2 year | 0.440%               | 0.330%                |
| LAIF Average Monthly Return                      | 0.236%               | 0.236%                |
| Average City Portfolio YTM - 1 year prior        | 1.104%               | 1.087%                |
| <b>INTEREST INCOME</b>                           |                      |                       |
| Fiscal year to date                              | \$1,210,780          | \$1,428,658           |
| Current month                                    | \$125,736            | \$147,228             |
| <b>MATURITY</b>                                  |                      |                       |
| Average Maturity (days)                          | 887                  | 861                   |
| Average Maturity 1 Year Prior (days)             | 895                  | 897                   |
| Weighted Average Maturity (years)                | 2.43                 | 2.36                  |
| <b>VOLUMES</b>                                   |                      |                       |
| Total \$ Volume                                  | \$16,427,525         | # of Transactions     |
| Purchases  | \$19,932,585         | 8                     |
| Maturities/Redemptions                           | 10                   | 10                    |

### Portfolio Activity Summary

|                  | <u>Year</u> | <u>Number of Securities</u> | <u>Average Balance</u> | <u>Yield to Maturity 360</u> | <u>Yield to Maturity 365</u> | <u>Managed Pool Rate</u> | <u>Investments Purchased</u> | <u>Investments Redeemed</u> | <u>Average Term</u> | <u>Average Days to Mat</u> |
|------------------|-------------|-----------------------------|------------------------|------------------------------|------------------------------|--------------------------|------------------------------|-----------------------------|---------------------|----------------------------|
| <b>Month End</b> | <b>2013</b> | 103                         | 162,544,755.27         | 1.088                        | 1.103                        | 0.285%                   | 3                            | 3                           | 1,228               | 895                        |
| <b>April</b>     | <b>2013</b> | 101                         | 163,304,432.84         | 0.968                        | 0.981                        | 0.264%                   | 6                            | 8                           | 1,120               | 822                        |
| <b>May</b>       | <b>2013</b> | 106                         | 176,251,178.31         | 0.903                        | 0.916                        | 0.245%                   | 9                            | 4                           | 1,081               | 800                        |
| <b>June</b>      | <b>2013</b> | 107                         | 179,938,768.77         | 0.956                        | 0.969                        | 0.244%                   | 2                            | 0                           | 1,199               | 885                        |
| <b>July</b>      | <b>2013</b> | 103                         | 145,319,168.79         | 1.068                        | 1.083                        | 0.267%                   | 1                            | 4                           | 1,441               | 1,059                      |
| <b>August</b>    | <b>2013</b> | 101                         | 143,718,235.33         | 1.003                        | 1.017                        | 0.271%                   | 0                            | 2                           | 1,333               | 963                        |
| <b>September</b> | <b>2013</b> | 97                          | 147,018,331.76         | 0.988                        | 1.002                        | 0.257%                   | 0                            | 4                           | 1,314               | 930                        |
| <b>October</b>   | <b>2013</b> | 102                         | 148,793,736.36         | 1.073                        | 1.088                        | 0.266%                   | 7                            | 2                           | 1,475               | 1,059                      |
| <b>November</b>  | <b>2013</b> | 101                         | 139,220,177.47         | 1.098                        | 1.113                        | 0.263%                   | 1                            | 2                           | 1,513               | 1,077                      |
| <b>December</b>  | <b>2013</b> | 97                          | 139,854,277.57         | 1.043                        | 1.058                        | 0.264%                   | 0                            | 4                           | 1,414               | 983                        |
| <b>January</b>   | <b>2014</b> | 98                          | 150,440,914.52         | 0.954                        | 0.967                        | 0.244%                   | 4                            | 3                           | 1,274               | 888                        |
| <b>February</b>  | <b>2014</b> | 94                          | 160,971,307.46         | 0.902                        | 0.915                        | 0.236%                   | 4                            | 8                           | 1,200               | 861                        |
| <b>March</b>     | <b>2014</b> | 96                          | 161,451,944.68         | 0.933                        | 0.946                        | 0.236%                   | 5                            | 3                           | 1,242               | 887                        |
| <b>Average</b>   |             | <b>100</b>                  | <b>155,230,425.43</b>  | <b>0.998%</b>                | <b>1.012%</b>                | <b>0.257%</b>            | <b>3</b>                     | <b>4</b>                    | <b>1,295</b>        | <b>931</b>                 |

**Investment Report**  
March 2014



**Investment Portfolio Summary**

|   | Book Value           | % of Portfolio | Market Value         | % of Portfolio | % per Policy | Modified (MV)  | Days to Maturity (BV) | Maximum Term | YTM (BV)                        |
|---|----------------------|----------------|----------------------|----------------|--------------|----------------|-----------------------|--------------|---------------------------------|
| <b>Local Agency Investment Fund (State of California)</b>                           | <b>\$31,500,000</b>  | <b>19.85%</b>  | <b>\$31,500,000</b>  | <b>19.92%</b>  |              | <b>\$50MIL</b> | <b>0.00%</b>          | <b>1</b>     | <b>N/A</b>                      |
| <b>Union Bank Custodial - Money Market Account (For Pending Purchases/Interest)</b> |                      |                |                      |                |              |                |                       |              |                                 |
|   | <b>\$0</b>           | <b>0.00%</b>   | <b>\$0</b>           | <b>0.00%</b>   |              | <b>100%</b>    | <b>0.00%</b>          | <b>1</b>     | <b>N/A</b>                      |
| <b>Negotiable Certificates of Deposit</b>   | <b>\$6,860,000</b>   | <b>4.32%</b>   | <b>\$6,864,417</b>   | <b>4.34%</b>   |              | <b>20%</b>     | <b>2.50%</b>          | <b>936</b>   | <b>5 Years</b>                  |
| <b>Federal Agency Issues</b>  |                      |                |                      |                |              |                |                       |              |                                 |
| Farmer Mac  | <b>\$101,290,835</b> | <b>63.82%</b>  | <b>\$100,487,940</b> | <b>63.53%</b>  |              | <b>75%</b>     | <b>3.12%</b>          | <b>1177</b>  | <b>5 Year</b>                   |
| Federal Farm Credit Bank  | \$14,499,685         | 9.14%          | \$14,346,475         | 9.07%          |              | 30%            | 3.62%                 | 1366         | 5 Year                          |
| Federal Home Loan Bank  | \$22,612,493         | 14.25%         | \$22,596,205         | 14.29%         |              | 30%            | 2.80%                 | 1053         | 5 Year                          |
| Federal Home Loan Mortgage Corporation  | \$23,119,466         | 14.57%         | \$22,850,920         | 14.45%         |              | 30%            | 3.18%                 | 1195         | 5 Year                          |
| Federal National Mortgage Association   | \$28,150,426         | 17.74%         | \$27,931,440         | 17.65%         |              | 30%            | 2.83%                 | 1069         | 5 Year                          |
| <b>U.S. Treasury Securities</b>   | <b>\$0</b>           |                | <b>\$12,762,900</b>  | <b>8.13%</b>   |              | <b>30%</b>     | <b>3.69%</b>          | <b>1381</b>  | <b>5 Year</b>                   |
|   |                      |                |                      |                |              | <b>100%</b>    |                       |              |                                 |
| <b>Medium Term Notes</b>  |                      |                |                      |                |              |                |                       |              |                                 |
| 3m  | <b>\$19,070,093</b>  | <b>12.01%</b>  | <b>\$19,303,334</b>  | <b>12.21%</b>  |              | <b>20%</b>     | <b>2.09%</b>          | <b>790</b>   | <b>5 Year</b>                   |
| Barclay   | \$1,084,655          | 0.68%          | \$1,075,594          | 0.68%          |              | 5%             | 3.17%                 | 1182         | 5 Year                          |
| Bank of Montreal  | \$3,000,000          | 1.89%          | \$3,035,730          | 1.92%          |              | 5%             | 2.48%                 | 941          | 5 Year                          |
| Colgate Palmolive Co.   | \$1,000,896          | 0.63%          | \$995,030            | 0.63%          |              | 5%             | 3.35%                 | 1259         | 5 Year                          |
| General Electric  | \$1,995,655          | 1.26%          | \$1,966,680          | 1.24%          |              | 5%             | 4.37%                 | 1675         | 5 Year                          |
| General Electric Capital Corp   | \$993,132            | 0.63%          | \$1,026,560          | 0.65%          |              | 5%             | 1.57%                 | 587          | 5 Year                          |
| MicroSoft Corp  | \$5,993,820          | 3.68%          | \$6,138,540          | 3.89%          |              | 5%             | 1.60%                 | 598          | 5 Year                          |
| Toyota Motor Center Corp  | \$1,000,000          | 0.63%          | \$1,004,180          | 0.63%          |              | 5%             | 0.17%                 | 61           | 5 Year                          |
| Wal-Mart Stores   | \$3,001,493          | 1.89%          | \$3,038,750          | 1.92%          |              | 5%             | 1.49%                 | 554          | 5 Year                          |
|   |                      |                |                      |                |              |                |                       |              |                                 |
| <b>Total Investments</b>  | <b>\$158,720,928</b> | <b>100.00%</b> | <b>\$158,155,691</b> | <b>100.00%</b> |              | <b>2.35%</b>   |                       | <b>887</b>   | <b>Effective Rate of Return</b> |
| <b>Cash In Bank - General</b>   | <b>\$4,761,265</b>   |                |                      |                |              |                |                       |              | <b>0.946%</b>                   |
| <b>Cash In Bank - Housing</b>   | <b>\$1,792,405</b>   |                |                      |                |              |                |                       |              | <b>0.250%</b>                   |
| <b>Total Funds</b>  | <b>\$165,274,598</b> |                |                      |                |              |                |                       |              | <b>0.99%</b>                    |
|   |                      |                |                      |                |              |                |                       |              |                                 |
| <b>Effective Rate of Return</b>   |                      |                |                      |                |              |                |                       |              |                                 |
| <b>Month Ending</b>   |                      |                |                      |                |              |                |                       |              |                                 |
| <b>Fiscal YTD</b>   | <b>0.92%</b>         |                |                      |                |              |                |                       |              |                                 |

**Effective Rate of Return**  
**Month Ending** **0.92%**      **Fiscal YTD** **1.09%**

I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Resolution 2013-86 on December 17, 2013, per California Government Code §53601. A copy of this policy is available at the office of the City Clerk.

Dana Cortez - City Treasurer

Sheila Abalayan - Deputy City Treasurer

**Investment Report**  
March 2014



Portfolio Monthly Activity Detail

| Investment Number.                | BROKER         | PURCHASE DATE | DESCRIPTION                | QUALITY RATING | MATURITY DATE | DAYS HELD /<br>Maturity | DAYS TO<br>Maturity | RATE   | YIELD     | PAR<br>VALUE | BOOK VALUE | MARKET<br>VALUE  |
|-----------------------------------|----------------|---------------|----------------------------|----------------|---------------|-------------------------|---------------------|--------|-----------|--------------|------------|------------------|
| PURCHASES                         |                |               |                            |                |               |                         |                     |        |           |              |            |                  |
| 11125                             | Wedbush        | 03/03/2014    | FNMA Crescent Bank & Trust | AA+/Aaa        | 05/21/2018    | 1511                    | 0.875%              | 1.320% | 2,000,000 | 1,964,271    | 1,945,880  |                  |
| 11126                             | Wedbush        | 03/05/2014    | First State Bank           | FDIC           | 08/28/2018    | 1610                    | 1.500%              | 1.500% | 245,000   | 245,000      | 243,804    |                  |
| 11127                             | Wedbush        | 03/11/2014    | West Virginia FFCB         | FDIC           | 03/11/2016    | 710                     | 0.450%              | 0.450% | 245,000   | 245,000      | 244,437    |                  |
| 11128                             | Morgan Stanley | 03/11/2014    | Katahdin Trust & Co        | AA+/Aaa        | 06/11/2018    | 1532                    | 1.300%              | 1.330% | 3,000,000 | 2,996,388    | 2,968,110  |                  |
| 11129                             | Vining Sparks  | 03/28/2014    |                            | FDIC           | 03/28/2019    | 1822                    | 1.250%              | 1.150% | 245,000   | 245,000      | 245,000    |                  |
| <b>MATURITIES / CALLS / SALES</b> |                |               |                            |                |               |                         |                     |        |           |              |            | <b>5,647,231</b> |
| 11027                             | Wedbush        | 03/28/2012    | FHLMC                      | AA+/Aaa        | 09/28/2015    | 730/1279                | 0.750%              | 0.750% | 2,000,000 | 2,000,000    | 2,000,000  |                  |
| 11054                             | Great Pacific  | 09/27/2012    | FNMA                       | AA+/Aaa        | 09/27/2017    | 546/1826                | 0.750%              | 0.585% | 1,000,000 | 1,000,000    | 1,000,000  |                  |
| 11065                             | Great Pacific  | 09/27/2012    | FNMA                       | AA+/Aaa        | 09/27/2017    | 546/1826                | 0.875%              | 0.627% | 1,000,000 | 1,000,000    | 1,000,000  |                  |
| <b>0.678%</b>                     |                |               |                            |                |               |                         |                     |        |           |              |            | <b>4,000,000</b> |
| <b>4,000,000</b>                  |                |               |                            |                |               |                         |                     |        |           |              |            | <b>4,000,000</b> |

State of California  
Local Agency Pool

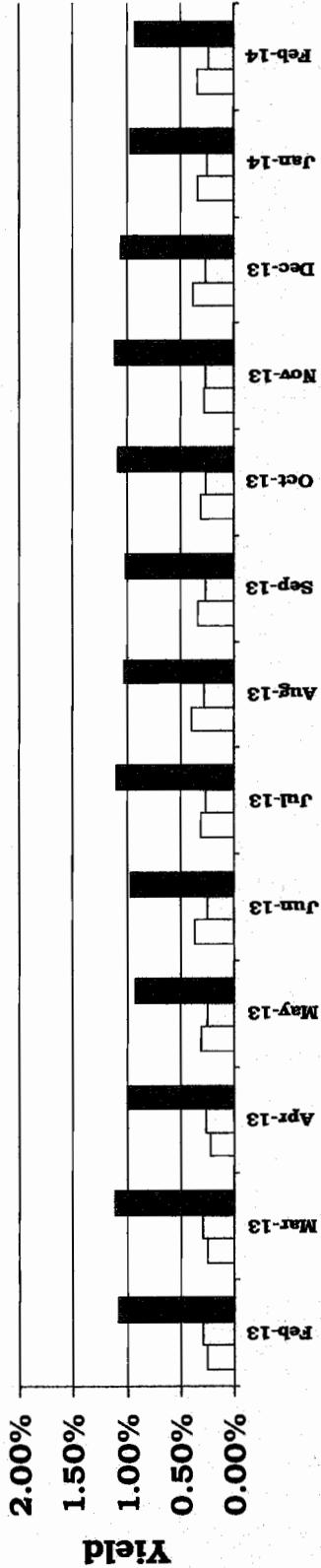
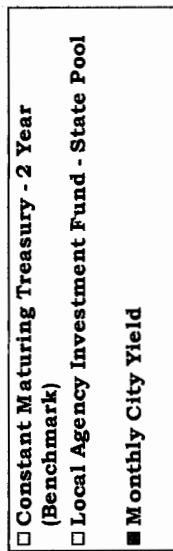
|                     |            |        |        |                    |                    |             |                   |
|---------------------|------------|--------|--------|--------------------|--------------------|-------------|-------------------|
| City                | 21,700,000 | 0.236% | 0.236% | 4,200,000          | 9,400,000          | -           | 16,500,000        |
| TRAN Repayment      | 15,000,000 | 0.236% | 0.236% |                    |                    | -           | 15,000,000        |
| <b>\$36,700,000</b> |            |        |        | <b>\$4,200,000</b> | <b>\$9,400,000</b> | <b>\$ -</b> | <b>31,500,000</b> |

# Investment Report

## March 2014



## Portfolio Performance



## Portfolio Earnings Summary

|  | March 31, 2014      | Fiscal Year to Date   |
|--|---------------------|-----------------------|
| Interest Collected                           | \$64,696.90         | \$1,653,341.11        |
| Plus Interest at End of Period               | \$507,584.94        | \$507,584.95          |
| Less Accrued Interest at Beginning of Period | (\$403,922.26)      | (\$598,102.52)        |
| <b>Interest Earned</b>                       | <b>\$168,359.58</b> | <b>\$1,562,823.54</b> |
| Adjusted By Premium                          | (\$48,987.33)       | (\$455,455.79)        |
| Adjusted by Capital                          | \$0.00              | \$70,290.08           |
| <b>Earnings during</b>                       | <b>\$119,372.25</b> | <b>\$1,177,657.83</b> |
| <b>Cash/Checking Accounts:</b>               |                     |                       |
| Interest Collected                           | \$0.00              | \$41,964.45           |
| Plus Accrued Interest at End of Period       | \$17,254.70         | \$17,254.70           |
| Less Interest at Beginning of Period         | (\$10,891.36)       | (\$26,096.69)         |
| <b>Interest Earned</b>                       | <b>\$6,363.34</b>   | <b>\$33,122.46</b>    |
| <b>Total Interest Earned</b>                 | <b>\$174,722.92</b> | <b>\$1,595,946.00</b> |
| Total Adjustments from Premium and Discounts | (\$48,987.33)       | (\$455,455.79)        |
| Total Capital Gains or Loss                  | \$0.00              | \$70,290.08           |
| <b>Total Earnings this Period</b>            | <b>\$125,735.59</b> | <b>\$1,210,780.29</b> |

## CD/Coupon/Discount Investments:

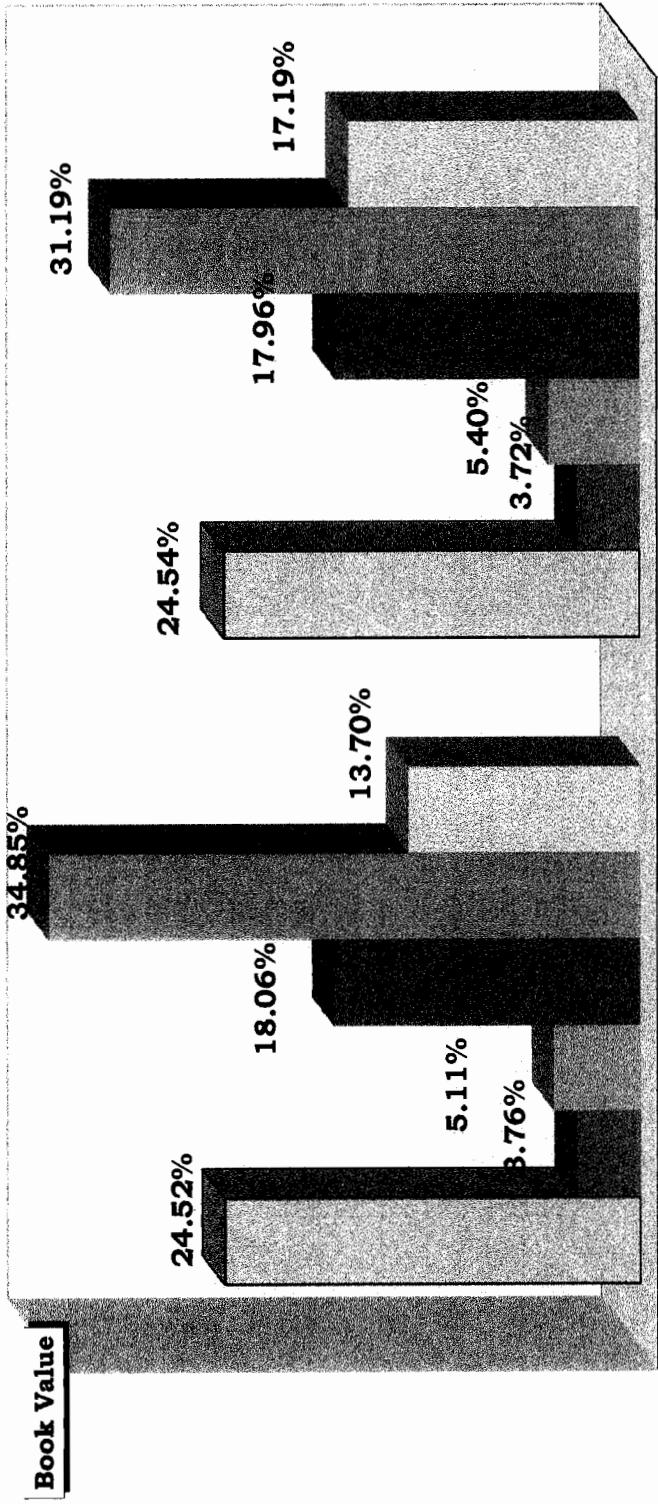
|  |                     |                       |
|--|---------------------|-----------------------|
| Interest Collected                           | \$0.00              | \$41,964.45           |
| Plus Interest at End of Period               | \$17,254.70         | \$17,254.70           |
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| <b>Total Interest Earned</b>                 | <b>\$174,722.92</b> | <b>\$1,595,946.00</b> |
| Total Adjustments from Premium and Discounts | (\$48,987.33)       | (\$455,455.79)        |
| Total Capital Gains or Loss                  | \$0.00              | \$70,290.08           |
| <b>Total Earnings this Period</b>            | <b>\$125,735.59</b> | <b>\$1,210,780.29</b> |



# Investment Report

## March 2014

### Maturity Distribution



Feb-14

Mar-14

|  |  |   |
|--|--|---|
| <input type="checkbox"/> 1 day to 6 months             | <input checked="" type="checkbox"/> 6 months to 1 year | <input checked="" type="checkbox"/> 1 year to 2 years |
| <input checked="" type="checkbox"/> 2 years to 3 years | <input type="checkbox"/> 3 years to 4 years            | <input type="checkbox"/> 4 years to 5 years           |

NOTE: SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency. It also requires a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency's ability to meet the expenditure requirements of the pool for the next six months.

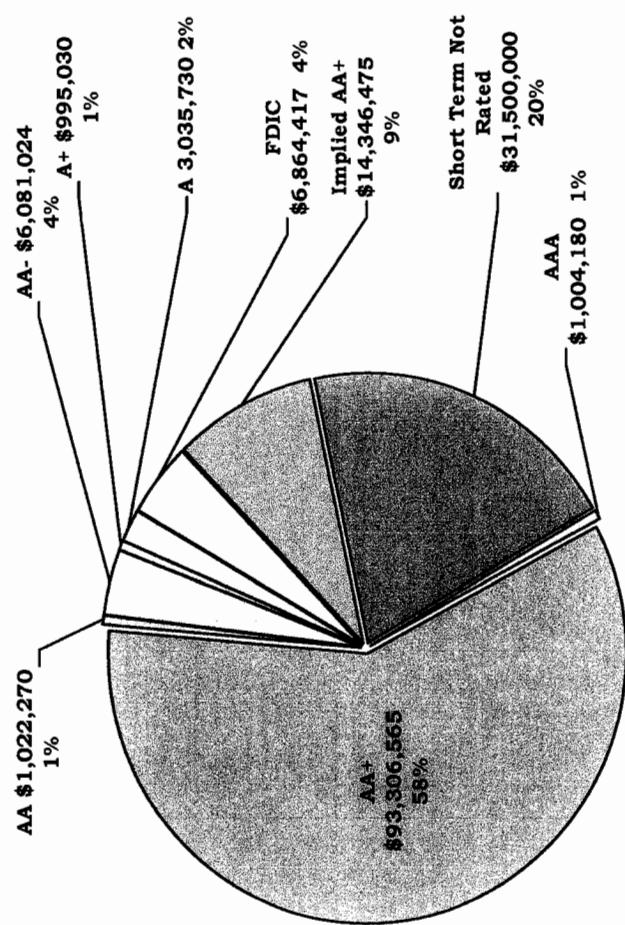
# Investment Report

## March 2014

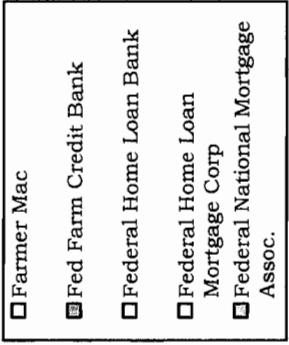
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### Portfolio Distribution

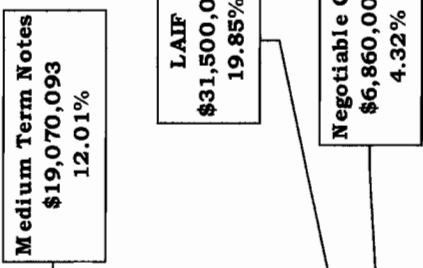
#### Market Value and Credit Rating Report



#### Federal Agencies Distribution (MV)



#### Portfolio Sectors (Book Value)



Federal Agency Issues(coupl)  
\$101,290,835  
63.82%

Medium Term Notes  
\$19,070,093  
12.01%

LAIF  
\$31,500,000  
19.85%

Negotiable CD's  
\$6,860,000  
4.32%



## Investment Report

March 2014

| <u>Beginning Investment Value as of<br/>July 1, 2013</u> | <u>Value of Portfolio per GASB 31<br/>Purchase/Redemption of Principal</u> | <u>Change in Market Value</u> | <u>Ending Investment Value as of<br/>March 31, 2014</u> |
|--|--|-------------------------------|---|
| Federal Agency (Coupon)                                  | (\$4,629,360)  | (\$170,620)                   | \$100,487,940   |
| U.S. Treasury Securities                                 | \$0  | \$0                           | \$0   |
| Negotiable Certificate Deposits                          | \$6,843,933  | \$20,484                      | \$6,864,417   |
| Medium Term Notes  | \$25,441,688   | (\$48,614)                    | \$19,303,334  |
| Municipal Bonds  | \$0  | \$0                           | \$0   |
| <b>SUBTOTAL PER GASB 31</b>                              | <b>\$137,573,541</b>   | <b>(\$10,719,100)</b>         | <b>\$126,655,691</b>                                    |
| Non-GASB   |  |                               |   |
| Local Agency Investment Funds                            | \$40,100,000   | (\$8,600,000)                 | \$0   |
| Money Market   | \$0  | \$0                           | \$0   |
| Federal Agency - Disc.                                   | \$0  | \$0                           | \$0   |
| Treasury Security - Disc.                                | \$0  | \$0                           | \$0   |
| Certificate of Deposits - Disc.                          | \$0  | \$0                           | \$0   |
| Commercial paper   | \$0  | \$0                           | \$0   |
| <b>TOTAL PORTFOLIO</b>                                   | <b>\$177,673,541</b>   | <b>(\$19,319,100)</b>         | <b>\$158,155,691</b>                                    |

The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We report the unrealized gain/(loss) monthly and book realized gain/(loss) at year end as GASB31 requirement. GASB 31 is a reporting requirement that reports the "Fair Value" of investments held in our portfolio. Fair value is the amount at which a financial instrument [investment] could be exchanged in a current transaction between willing parties at current market prices. It is important to understand the relationship between prevailing interest rates and fixed coupon investments. As market interest rates fall, the "Fair Value" of held securities will rise [unrealized Gains]. The opposite occurs as market interest rates rise [market prices of held investments will fall]. It should be noted that investments held in the city pool are to be held until maturity so both gains and losses (unrealized) will not be taken.

Reviewed by the Investment Advisory Committee:

City Treasurer - Dana Cortez

City Manager - LeRoy Jackson

City Attorney - John Fellowe III

Finance Director - Eric Tso

Deputy City Treasurer - Shelia Abijyan

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| CUSIP                                | Investment # | Issuer                         | Average Balance      | Purchase Date | Par Value            | Market Value         | Book Value           | Stated Rate | S&P  | YTM          | Days to Maturity | Maturity Date |
|--------------------------------------|--------------|--------------------------------|----------------------|---------------|----------------------|----------------------|----------------------|-------------|------|--------------|------------------|---------------|
| <b>Local Agency Investment Funds</b> |              |                                |                      |               |                      |                      |                      |             |      |              |                  |               |
| SYS10000                             | 10000        | Local Agency Invest Fund GEN'L |                      |               | 16,500,000.00        | 16,500,000.00        | 16,500,000.00        | 0.236       |      | 0.236        | 1                |               |
| SYS1000a                             | 1000A        | LAIF - TRANS FUNDS             |                      | 07/01/2013    | 15,000,000.00        | 15,000,000.00        | 15,000,000.00        | 0.236       |      | 0.236        | 1                |               |
|                                      |              | <b>Subtotal and Average</b>    | <b>31,745,161.29</b> |               | <b>31,500,000.00</b> | <b>31,500,000.00</b> | <b>31,500,000.00</b> |             |      | <b>0.236</b> | <b>1</b>         |               |
| <b>Money Market Sweep Account</b>    |              |                                |                      |               |                      |                      |                      |             |      |              |                  |               |
| 316175108S                           | 1000         | Union Bank of California       |                      |               | 0.00                 | 0.00                 | 0.00                 | 0.001       |      | 0.001        | 1                |               |
|                                      |              | <b>Subtotal and Average</b>    | <b>460,903.29</b>    |               | <b>0.00</b>          | <b>0.00</b>          | <b>0.00</b>          |             |      | <b>0.000</b> | <b>0</b>         |               |
| <b>Negotiable CD's</b>               |              |                                |                      |               |                      |                      |                      |             |      |              |                  |               |
| 33764JHM0                            | 11052        | First Bank of Puerto Rico      |                      | 08/01/2012    | 245,000.00           | 247,374.05           | 245,000.00           | 1.250       | FDIC | 1.251        | 853              | 08/01/2016    |
| 330459AE8                            | 11110        | 1st National Bank Kentucky     |                      | 10/03/2013    | 245,000.00           | 245,524.30           | 245,000.00           | 0.900       | FDIC | 0.000        | 916              | 10/03/2016    |
| 332135FA5                            | 11069        | First National Bank of Omaha   |                      | 10/10/2012    | 245,000.00           | 245,004.90           | 245,000.00           | 0.550       | FDIC | 0.550        | 9                | 04/10/2014    |
| 33648FJN6                            | 11127        | First State Bank West Virginia |                      | 03/11/2014    | 245,000.00           | 244,436.50           | 245,000.00           | 0.450       | FDIC | 0.000        | 710              | 03/11/2016    |
| 02005QN90                            | 11044        | Ally Bank                      |                      | 08/01/2012    | 245,000.00           | 246,597.40           | 245,000.00           | 1.150       | FDIC | 1.150        | 489              | 08/03/2015    |
| 02587DLD8                            | 11070        | American Express Cent          |                      | 10/04/2012    | 245,000.00           | 246,543.50           | 245,000.00           | 1.550       | FDIC | 1.550        | 1,282            | 10/04/2017    |
| 06740AYC7                            | 11090        | Barclays Bank                  |                      | 03/12/2013    | 245,000.00           | 242,883.69           | 245,000.00           | 1.250       | FDIC | 1.200        | 1,441            | 03/12/2018    |
| 06426BNGR7                           | 11068        | Bank of China                  |                      | 09/26/2012    | 245,000.00           | 245,536.55           | 245,000.00           | 0.650       | FDIC | 0.650        | 178              | 09/26/2014    |
| 05668PZ91                            | 11073        | BMW Bank of North America      |                      | 11/02/2012    | 245,000.00           | 246,506.75           | 245,000.00           | 0.950       | FDIC | 0.000        | 580              | 11/02/2015    |
| 060624XH1                            | 11091        | Bank of Baroda                 |                      | 03/08/2013    | 245,000.00           | 242,437.30           | 245,000.00           | 1.250       | FDIC | 0.000        | 1,437            | 03/08/2018    |
| 1491159H9                            | 11094        | Cathay Bank                    |                      | 04/12/2013    | 245,000.00           | 242,074.70           | 245,000.00           | 1,000       | FDIC | 1,001        | 1,472            | 04/12/2018    |
| 17284CBZ6                            | 11093        | CIT BANK                       |                      | 04/17/2013    | 245,000.00           | 241,927.70           | 245,000.00           | 1.150       | FDIC | 0.000        | 1,477            | 04/17/2018    |
| 20032AAU0                            | 11084        | Community Capital Bank         |                      | 01/18/2013    | 245,000.00           | 245,249.90           | 245,000.00           | 0.750       | FDIC | 0.750        | 1,023            | 01/18/2017    |
| 225645CZ1                            | 11126        | Crescent Bank & Trust          |                      | 03/05/2014    | 245,000.00           | 243,804.40           | 245,000.00           | 1.500       | FDIC | 0.000        | 1,610            | 08/28/2018    |
| 254671GK0                            | 11058        | Discover Bank                  |                      | 09/19/2012    | 245,000.00           | 247,116.80           | 245,000.00           | 1.250       | FDIC | 1.250        | 902              | 09/19/2016    |
| 29976DQN9                            | 11059        | EverBank                       |                      | 09/14/2012    | 245,000.00           | 247,163.35           | 245,000.00           | 0.900       | FDIC | 0.900        | 897              | 09/14/2016    |
| 307660HE3                            | 11113        | Farm Bureau Bank               |                      | 10/15/2013    | 245,000.00           | 245,467.95           | 245,000.00           | 0.900       | FDIC | 0.000        | 927              | 10/14/2016    |
| 36160XN52                            | 11051        | GE Capital Bank                |                      | 08/03/2012    | 245,000.00           | 246,401.40           | 245,000.00           | 1.150       | FDIC | 1.150        | 489              | 08/03/2015    |
| 36157PSB6                            | 11111        | GE Money bank                  |                      | 10/04/2013    | 245,000.00           | 245,688.45           | 245,000.00           | 1,200       | FDIC | 0.000        | 917              | 10/04/2016    |
| 38143AXS9                            | 11045        | Goldman Sachs Bank             |                      | 08/01/2012    | 245,000.00           | 246,563.10           | 245,000.00           | 1,200       | FDIC | 1,200        | 489              | 08/03/2015    |
| 48124JRY6                            | 11085        | JPMORGAN                       |                      | 01/28/2013    | 245,000.00           | 243,867.37           | 245,000.00           | 0.750       | FDIC | 0.000        | 1,398            | 01/28/2018    |
| 485836FB1                            | 11129        | Katahdin Trust Co CD           |                      | 03/28/2014    | 245,000.00           | 245,000.00           | 245,000.00           | 1.250       | FDIC | 0.000        | 1,822            | 03/28/2019    |
| 74267GTZ0                            | 11112        | Private Bank & Trust Co        |                      | 10/04/2013    | 245,000.00           | 245,335.65           | 245,000.00           | 1,000       | FDIC | 0.000        | 917              | 10/04/2016    |
| 786580X96                            | 11043        | Safra National Bank            |                      | 07/31/2012    | 245,000.00           | 246,631.70           | 245,000.00           | 0.800       | FDIC | 0.800        | 486              | 07/31/2015    |
| 795450NT8                            | 11053        | Sallie Mae Bank                |                      | 08/08/2012    | 245,000.00           | 246,607.20           | 245,000.00           | 1,100       | FDIC | 1,100        | 496              | 08/10/2015    |
| 84603M2H8                            | 11046        | Sovereign Bank                 |                      | 08/01/2012    | 245,000.00           | 245,409.15           | 245,000.00           | 0.850       | FDIC | 0.850        | 122              | 08/01/2014    |
| 856283UK0                            | 11098        | STATE BANK of INDIA            |                      | 05/14/2013    | 245,000.00           | 241,648.40           | 245,000.00           | 1,150       | FDIC | 0.000        | 1,504            | 05/14/2018    |

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Portfolio CITY

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| CUSIP                                 | Investment # | Issuer                   | Average Balance             | Purchase Date | Par Value           | Market Value        | Book Value          | Stated Rate | S&P  | YTM          | Days to Maturity | Maturity Date |
|---------------------------------------|--------------|--------------------------|-----------------------------|---------------|---------------------|---------------------|---------------------|-------------|------|--------------|------------------|---------------|
| <b>Negotiable CD's</b>                |              |                          |                             |               |                     |                     |                     |             |      |              |                  |               |
| 94768NUJD7                            | 11081        | Webster Bank             |                             | 12/12/2012    | 245,000.00          | 245,614.95          | 245,000.00          | 1.000       | FDIC | 0.000        | 1,351            | 12/12/2017    |
|                                       |              |                          | <b>Subtotal and Average</b> |               | <b>6,860,000.00</b> | <b>6,864,417.11</b> | <b>6,860,000.00</b> |             |      | <b>0.548</b> | <b>936</b>       |               |
| <b>Federal Agency Issues - Coupon</b> |              |                          |                             |               |                     |                     |                     |             |      |              |                  |               |
| 31315PXK0                             | 11071        | FARMER MAC               |                             | 10/25/2012    | 2,000,000.00        | 1,985,140.00        | 2,000,000.00        | 0.650       |      | 1,053        | 1,303            | 10/25/2017    |
| 31315PWE5                             | 11083        | FARMER MAC               |                             | 01/08/2013    | 3,000,000.00        | 2,950,410.00        | 3,000,000.00        | 0.930       |      | 0,935        | 1,378            | 01/08/2018    |
| 31315PNZ8                             | 11086        | FARMER MAC               |                             | 01/30/2013    | 2,000,000.00        | 1,971,000.00        | 2,000,919.33        | 1,050       |      | 1,038        | 1,400            | 01/30/2018    |
| 31315PXM6                             | 11097        | FARMER MAC               |                             | 05/02/2013    | 2,000,000.00        | 1,947,500.00        | 1,999,182.78        | 0.850       |      | 0,860        | 1,492            | 05/02/2018    |
| 31315PXF1                             | 11099        | FARMER MAC               |                             | 05/02/2013    | 2,000,000.00        | 1,995,820.00        | 1,999,582.78        | 0.400       |      | 0,410        | 762              | 05/02/2016    |
| 31315PBA2                             | 11115        | FARMER MAC               |                             | 10/04/2013    | 3,500,000.00        | 3,496,605.00        | 3,500,000.00        | 1,940       |      | 1,940        | 1,646            | 10/03/2018    |
| 31331XWW8                             | 10879        | FEDERAL FARM CREDIT BANK |                             | 05/05/2010    | 500,000.00          | 501,635.00          | 500,891.69          | 5,000       | AA+  | 2,192        | 24               | 04/25/2014    |
| 31331JQ55                             | 10907        | FEDERAL FARM CREDIT BANK |                             | 10/06/2010    | 1,000,000.00        | 1,005,360.00        | 1,000,000.00        | 1,150       | AA+  | 1,150        | 188              | 10/06/2014    |
| 31331KCK4                             | 10942        | FEDERAL FARM CREDIT BANK |                             | 02/17/2011    | 1,000,000.00        | 1,016,540.00        | 1,000,000.00        | 2,030       | AA+  | 2,030        | 322              | 02/17/2015    |
| 31331VPV2                             | 10954        | FEDERAL FARM CREDIT BANK |                             | 04/01/2011    | 2,000,000.00        | 2,179,120.00        | 2,100,400.00        | 4,950       | AA+  | 2,280        | 731              | 04/01/2016    |
| 31331KGNA4                            | 10955        | FEDERAL FARM CREDIT BANK |                             | 04/07/2011    | 1,000,000.00        | 1,000,220.00        | 1,000,000.00        | 1,400       | AA+  | 1,400        | 6                | 04/07/2014    |
| 3133EAA81                             | 11041        | FEDERAL FARM CREDIT BANK |                             | 07/30/2012    | 1,000,000.00        | 993,040.00          | 1,000,000.00        | 0,780       | AA+  | 0,780        | 1,035            | 01/30/2017    |
| 3133EAX29                             | 11060        | FEDERAL FARM CREDIT BANK |                             | 09/18/2012    | 1,000,000.00        | 989,350.00          | 1,000,000.00        | 0,980       | AA+  | 0,980        | 1,266            | 09/18/2017    |
| 3133EA2K3                             | 11066        | FEDERAL FARM CREDIT BANK |                             | 09/28/2012    | 1,000,000.00        | 1,000,040.00        | 1,000,000.00        | 0,450       | AA+  | 0,450        | 545              | 09/28/2015    |
| 3133EC5A8                             | 11075        | FEDERAL FARM CREDIT BANK |                             | 11/28/2012    | 2,000,000.00        | 1,967,200.00        | 2,000,000.00        | 0,870       | AA+  | 0,870        | 1,336            | 11/27/2017    |
| 3133ECE26                             | 11087        | FEDERAL FARM CREDIT BANK |                             | 01/30/2013    | 1,000,000.00        | 984,240.00          | 1,000,000.00        | 0,940       | AA+  | 1,022        | 1,400            | 01/30/2018    |
| 3133ED323                             | 11109        | FEDERAL FARM CREDIT BANK |                             | 10/04/2013    | 3,000,000.00        | 2,998,680.00        | 3,000,000.00        | 1,230       | AA+  | 1,230        | 1,282            | 10/04/2017    |
| 3133ED4Q2                             | 11114        | FEDERAL FARM CREDIT BANK |                             | 10/11/2013    | 1,000,000.00        | 996,650.00          | 1,000,000.00        | 0,480       | AA+  | 1,480        | 1,532            | 06/11/2018    |
| 3133EDDV1                             | 11119        | FEDERAL FARM CREDIT BANK |                             | 01/23/2014    | 1,000,000.00        | 998,030.00          | 998,670.52          | 1,160       | AA+  | 1,198        | 1,301            | 10/23/2017    |
| 3133EDEB4                             | 11121        | FEDERAL FARM CREDIT BANK |                             | 02/07/2014    | 3,000,000.00        | 2,997,990.00        | 3,016,143.02        | 1,100       | AA+  | 0,931        | 1,184            | 06/28/2017    |
| 3133EDGW6                             | 11128        | FEDERAL FARM CREDIT BANK |                             | 03/11/2014    | 3,000,000.00        | 2,968,110.00        | 2,996,387.84        | 1,300       | AA+  | 1,330        | 1,532            | 06/11/2018    |
| 313373RC8                             | 10956        | FEDERAL HOME LOAN BANK   |                             | 05/16/2011    | 1,000,000.00        | 1,003,920.00        | 1,000,278.42        | 1,250       | AA+  | 1,164        | 120              | 07/30/2014    |
| 313378W56                             | 11037        | FEDERAL HOME LOAN BANK   |                             | 04/30/2012    | 2,000,000.00        | 2,002,220.00        | 2,000,000.00        | 2,000       | AA+  | 1,425        | 1,119            | 04/24/2017    |
| 3133701W8                             | 11040        | FEDERAL HOME LOAN BANK   |                             | 07/25/2012    | 1,000,000.00        | 1,032,440.00        | 1,033,173.49        | 2,000       | AA+  | 0,620        | 892              | 09/09/2016    |
| 313380F92                             | 11055        | FEDERAL HOME LOAN BANK   |                             | 09/26/2012    | 1,000,000.00        | 986,170.00          | 1,000,000.00        | 1,000       | AA+  | 1,000        | 1,274            | 09/26/2017    |
| 313380MF1                             | 11057        | FEDERAL HOME LOAN BANK   |                             | 09/18/2012    | 1,000,000.00        | 986,290.00          | 1,000,000.00        | 1,000       | AA+  | 1,005        | 1,266            | 09/18/2017    |
| 313382AS9                             | 11089        | FEDERAL HOME LOAN BANK   |                             | 02/27/2013    | 1,000,000.00        | 984,110.00          | 1,000,000.00        | 1,100       | AA+  | 1,100        | 1,428            | 02/27/2018    |
| 313383AA9                             | 11105        | FEDERAL HOME LOAN BANK   |                             | 06/12/2013    | 4,000,000.00        | 3,901,120.00        | 4,000,000.00        | 1,000       | AA+  | 1,000        | 1,533            | 06/12/2018    |
| 313383TE5                             | 11106        | FEDERAL HOME LOAN BANK   |                             | 06/06/2013    | 4,000,000.00        | 3,904,640.00        | 4,000,000.00        | 0,625       | AA+  | 0,625        | 1,527            | 06/06/2018    |
| 313383JR9                             | 11108        | FEDERAL HOME LOAN BANK   |                             | 05/24/2013    | 1,000,000.00        | 995,920.00          | 998,010.59          | 0,375       | AA+  | 0,465        | 815              | 06/24/2016    |
| 313379JE6                             | 11118        | FEDERAL HOME LOAN BANK   |                             | 01/14/2014    | 1,000,000.00        | 1,001,270.00        | 998,105.94          | 1,010       | AA+  | 1,070        | 1,175            | 06/19/2017    |
| 313381GD1                             | 11122        | FEDERAL HOME LOAN BANK   |                             | 02/20/2014    | 2,000,000.00        | 1,970,360.00        | 1,991,333.91        | 1,250       | AA+  | 1,356        | 1,541            | 06/20/2018    |

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**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2014**

| CUSIP                                 | Investment # | Issuer                        | Average Balance | Purchase Date         | Par Value             | Market Value          | Book Value            | Stated Rate  | S&P          | YTM          | Days to Maturity | Maturity Date |
|---------------------------------------|--------------|-------------------------------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|--------------|--------------|------------------|---------------|
| <b>Federal Agency Issues - Coupon</b> |              |                               |                 |                       |                       |                       |                       |              |              |              |                  |               |
| 313373SZ6                             | 11123        | FEDERAL HOME LOAN BANK        | 02/26/2014      | 2,000,000.00          | 2,066,520.00          | 2,073,920.87          | 2,125                 | AA+          | 0.428        | 801          | 06/10/2016       |               |
| 313375RN9                             | 11124        | FEDERAL HOME LOAN BANK        | 02/27/2014      | 2,000,000.00          | 2,015,940.00          | 2,024,643.05          | 1,000                 | AA+          | 0.363        | 710          | 03/11/2016       |               |
| 3134G3GM6                             | 11009        | FEDERAL HOME LOAN MORTGAGE CO | 01/13/2012      | 1,000,000.00          | 1,003,810.00          | 1,000,000.00          | 1,300                 | AA+          | 1.300        | 1,018        | 01/13/2017       |               |
| 3137EADCO                             | 11017        | FEDERAL HOME LOAN MORTGAGE CO | 01/30/2012      | 1,000,000.00          | 1,002,450.00          | 997,987.21            | 1,000                 | AA+          | 1.071        | 1,072        | 03/08/2017       |               |
| 3137EACT4                             | 11034        | FEDERAL HOME LOAN MORTGAGE CO | 04/26/2012      | 1,000,000.00          | 1,042,370.00          | 1,035,756.14          | 2,500                 | AA+          | 0.810        | 787          | 05/27/2016       |               |
| 3134G3WD8                             | 11039        | FEDERAL HOME LOAN MORTGAGE CO | 06/12/2012      | 2,000,000.00          | 2,003,060.00          | 2,000,000.00          | 1,250                 | AA+          | 1.250        | 1,168        | 06/12/2017       |               |
| 3134G32L3                             | 11079        | FEDERAL HOME LOAN MORTGAGE CO | 12/26/2012      | 2,000,000.00          | 1,957,760.00          | 2,000,000.00          | 0,850                 | AA+          | 0.850        | 1,365        | 12/26/2017       |               |
| 3134G38B4                             | 11082        | FEDERAL HOME LOAN MORTGAGE CO | 01/11/2013      | 1,000,000.00          | 984,790.00            | 1,000,000.00          | 1,000                 | AA+          | 1,000        | 1,381        | 01/11/2018       |               |
| 3137EADJ5                             | 11095        | FEDERAL HOME LOAN MORTGAGE CO | 04/23/2013      | 3,000,000.00          | 2,986,500.00          | 3,033,383.43          | 1,000                 | AA+          | 0.660        | 1,214        | 07/28/2017       |               |
| 3137EAAG4                             | 11096        | FEDERAL HOME LOAN MORTGAGE CO | 04/26/2013      | 5,000,000.00          | 5,563,450.00          | 5,578,935.59          | 5,500                 | AA+          | 0.420        | 839          | 07/18/2016       |               |
| 3137EADH9                             | 11101        | FEDERAL HOME LOAN MORTGAGE CO | 05/13/2013      | 5,000,000.00          | 4,981,850.00          | 5,044,330.55          | 1,000                 | AA+          | 0.722        | 1,185        | 06/29/2017       |               |
| 3134G44N5                             | 11102        | FEDERAL HOME LOAN MORTGAGE CO | 05/23/2013      | 2,000,000.00          | 1,954,640.00          | 2,000,000.00          | 0,750                 | AA+          | 0.750        | 1,337        | 11/28/2017       |               |
| 3137EAAG4                             | 11107        | FEDERAL HOME LOAN MORTGAGE CO | 05/22/2013      | 4,000,000.00          | 4,450,760.00          | 4,460,033.31          | 5,500                 | AA+          | 0.452        | 839          | 07/18/2016       |               |
| 3136G0VA6                             | 11050        | FEDERAL NATIONAL MORT ASSOC   | 08/14/2012      | 1,000,000.00          | 993,210.00            | 1,000,000.00          | 0,750                 | AA+          | 1,226        | 1,231        | 08/14/2017       |               |
| 3136G0D24                             | 11061        | FEDERAL NATIONAL MORT ASSOC   | 09/25/2012      | 1,000,000.00          | 993,830.00            | 1,000,000.00          | 0,500                 | AA+          | 1,093        | 1,273        | 09/25/2017       |               |
| 3136G06R7                             | 11076        | FEDERAL NATIONAL MORT ASSOC   | 11/28/2012      | 1,000,000.00          | 995,010.00            | 1,000,000.00          | 0,625                 | AA+          | 1,068        | 1,336        | 11/27/2017       |               |
| 3135G0PQ0                             | 11100        | FEDERAL NATIONAL MORT ASSOC   | 04/26/2013      | 3,000,000.00          | 2,987,310.00          | 3,016,300.46          | 0,875                 | AA+          | 0.720        | 1,304        | 10/26/2017       |               |
| 3136G1LZ0                             | 11103        | FEDERAL NATIONAL MORT ASSOC   | 05/28/2013      | 2,000,000.00          | 1,958,840.00          | 2,000,000.00          | 0,750                 | AA+          | 0.750        | 1,337        | 11/28/2017       |               |
| 3135G0WJ8                             | 11117        | FEDERAL NATIONAL MORT ASSOC   | 01/14/2014      | 1,000,000.00          | 972,940.00            | 971,854.50            | 0,875                 | AA+          | 1,581        | 1,511        | 05/21/2018       |               |
| 3135G0WJ8                             | 11120        | FEDERAL NATIONAL MORT ASSOC   | 01/31/2014      | 2,000,000.00          | 1,945,380.00          | 1,956,338.19          | 0,875                 | AA+          | 1,421        | 1,511        | 05/21/2018       |               |
| 3135G0WJ8                             | 11125        | FEDERAL NATIONAL MORT ASSOC   | 03/03/2014      | 2,000,000.00          | 1,945,880.00          | 1,964,271.41          | 0,875                 | AA+          | 1,320        | 1,511        | 05/21/2018       |               |
| <b>Subtotal and Average</b>           |              |                               |                 | <b>103,640,138.65</b> | <b>100,000,000.00</b> | <b>100,487,940.00</b> | <b>101,290,835.02</b> | <b>1,077</b> | <b>1,177</b> | <b>0.977</b> | <b>1,177</b>     |               |
| <b>Medium Term Notes</b>              |              |                               |                 |                       |                       |                       |                       |              |              |              |                  |               |
| 88579YAE1                             | 11104        | 3M Company                    | 05/23/2013      | 1,080,000.00          | 1,075,593.60          | 1,084,655.25          | 1,000                 | AA-          | 0.864        | 1,182        | 06/26/2017       |               |
| 06738KXV8                             | 10989        | Barclays Bank                 | 10/28/2011      | 3,000,000.00          | 3,035,750.00          | 3,000,000.00          | 2,500                 | A            | 3,287        | 941          | 10/28/2016       |               |
| 063666RHA6                            | 11056        | Bank of Montreal              | 09/11/2012      | 1,000,000.00          | 995,030.00            | 1,000,895.56          | 1,400                 | A+           | 1,373        | 1,259        | 09/11/2017       |               |
| 19416QED8                             | 11116        | Colgate Palmolive Co          | 11/01/2013      | 2,000,000.00          | 1,966,680.00          | 1,995,655.00          | 1,549                 | AA-          | 1,599        | 1,675        | 11/01/2018       |               |
| 36962G4T8                             | 10925        | General Electric              | 11/19/2010      | 1,000,000.00          | 1,026,560.00          | 993,131.81            | 2,250                 | AA+          | 2,710        | 587          | 11/09/2015       |               |
| 36962G5N0                             | 11011        | General Electric Capital Corp | 01/10/2012      | 2,000,000.00          | 2,092,860.00          | 2,001,664.26          | 2,900                 | AA+          | 2,868        | 1,014        | 01/09/2017       |               |
| 36962G5M2                             | 11012        | General Electric Capital Corp | 01/10/2012      | 2,000,000.00          | 2,028,100.00          | 2,001,185.17          | 2,150                 | AA+          | 2,070        | 283          | 01/09/2015       |               |
| 36962G4N1                             | 11024        | General Electric Capital Corp | 02/22/2012      | 2,000,000.00          | 2,017,580.00          | 1,990,970.77          | 0,993                 | AA+          | 1,389        | 497          | 08/11/2015       |               |
| 594918AB0                             | 10821        | MicroSoft Corp                | 08/11/2009      | 1,000,000.00          | 1,004,180.00          | 1,000,000.00          | 2,950                 | AAA          | 2,949        | 61           | 06/01/2014       |               |
| 89233PSS1                             | 11015        | Toyota Motor Credit Corp      | 01/13/2012      | 1,000,000.00          | 1,026,470.00          | 1,002,370.35          | 2,050                 | AA-          | 1,960        | 1,017        | 01/12/2017       |               |
| 89233PSZ5                             | 11023        | Toyota Motor Credit Corp      | 02/11/2012      | 2,000,000.00          | 2,012,280.00          | 1,999,122.22          | 1,000                 | AA-          | 1,102        | 322          | 02/17/2015       |               |
| 931142CT8                             | 10928        | Wal-Mart Stores               | 12/15/2010      | 1,000,000.00          | 1,022,270.00          | 1,000,442.26          | 2,250                 | AA           | 2,213        | 463          | 07/08/2015       |               |

Portfolio CITY  
AP  
PM (PRF\_PM2) 7.2.5

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Run Date: 04/21/2014 - 07:59

**Finance Reconciliation Reports**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2014**

| CUSIP | Investment #         | Issuer         | Average Balance | Purchase Date | Par Value      | Market Value | Book Value     | Stated Rate | S&P | YTM   | Days to Maturity |
|-------|----------------------|----------------|-----------------|---------------|----------------|--------------|----------------|-------------|-----|-------|------------------|
|       | Subtotal and Average | 19,069,773.71  | 19,080,000.00   |               | 19,303,333.60  |              | 19,070,092.65  |             |     | 2.099 | 790              |
|       | Total and Average    | 161,451,944.68 | 157,440,000.00  |               | 158,155,690.71 |              | 158,720,927.67 |             |     | 0.946 | 887              |
|       |                      |                |                 |               |                |              |                |             |     |       |                  |

**Finance Reconciliation Reports**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**March 31, 2014**

| CUSIP | Investment # | Issuer                     | Average Balance | Purchase Date                | Par Value      | Market Value   | Book Value     | Stated Rate | S&P   | YTM | Days to Maturity |
|-------|--------------|----------------------------|-----------------|------------------------------|----------------|----------------|----------------|-------------|-------|-----|------------------|
|       |              | Average Balance            | 0.00            | Accrued Interest at Purchase |                | 24,503.19      | 24,503.19      |             |       | 0   |                  |
|       |              | Subtotal                   |                 |                              | 24,503.19      | 24,503.19      | 24,503.19      |             |       |     |                  |
|       |              | Total Cash and Investments | 161,451,944.68  |                              | 157,440,000.00 | 158,180,193.90 | 158,745,430.86 |             | 0.946 | 887 |                  |

## **II. RESTRICTED FUNDS**



CITY OF TORRANCE FISCAL AGENT FOR SUCCESSOR RDA  
RESTRICTED CASH BALANCE REPORT  
March 31, 2014

**Book Value**

|                      |        |
|----------------------|--------|
| Bank of America      |        |
| City of Torrance     |        |
| Successor RDA Agency |        |
| Account # xx-046     | 877.10 |

|                                |   |
|--------------------------------|---|
| Bank of America                |   |
| City of Torrance               |   |
| Successor RDA Agency - Low Mod |   |
| Account # xx-140               | - |

|                                     |           |
|-------------------------------------|-----------|
| Local Agency Investment Fund (LAIF) |           |
| City of Torrance                    |           |
| Successor RDA Agency                |           |
| Account# -xx-3001                   | 79,777.67 |

**TOTAL**

|    |                  |
|----|------------------|
| \$ | <b>80,654.77</b> |
|----|------------------|

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**III. CASH & INVESTMENT PORTFOLIO SHARE**

**CASH AND INVESTMENTS PER BOOKS  
AS OF MARCH 31, 2014 (PRE-CLOSE)**

| FUND   | CASH &<br>INVESTMENTS<br>PER BOOKS | PERCENT<br>OF TOTAL |
|--|------------------------------------|---------------------|
| General  | 34,136,117.23                      | 20.75               |
| Parks & Recr Facility & Open Space                             | 3,723,097.73                       | 2.26                |
| State Gas Tax  | 13,970,533.28                      | 8.49                |
| Federal Housing, Community Dev                                 | 705,810.40                         | 0.43                |
| Street Lighting  | 27,060.00                          | 0.02                |
| Proposition 1B   | 1,665,300.12                       | 1.01                |
| Police Asset Forfeiture  | 3,886,862.13                       | 2.36                |
| Drainage Improvement   | 19,444.47                          | 0.01                |
| Measure R Local Return   | 5,116,961.56                       | 3.11                |
| Government Cable   | 4,800,186.97                       | 2.92                |
| Local Return - Proposition C                                   | 4,034,638.93                       | 2.45                |
| TDA Article 3 Bicycle Fund                                     | 252,176.08                         | 0.15                |
| Grants/Donations   | 522,104.53 (A)                     | 0.32                |
| CDBG Fund  | (274,997.69) (B)                   | -0.17               |
| Citizens Options for Public Safety (COPS) Grant Funds - AB3229 | 248,896.14                         | 0.15                |
| Seismic Education Fund   | 71,467.48                          | 0.04                |
| Rehabilitation Housing   | 706,334.73                         | 0.43                |
| Meadow Park Parking Lot  | 63,951.93                          | 0.04                |
| Police Inmate Welfare Fund                                     | 57,365.66                          | 0.03                |
| Capital Improvements   | 17,097,621.33                      | 10.39               |
| Geologic Hazard Abatement                                      | 14,316.64                          | 0.01                |
| El Camino Training Fund-Fire                                   | 61,947.10                          | 0.04                |
| El Camino Training Fund-Police                                 | 8,000.00                           | 0                   |
| Vanpool/Rideshare Fund   | 31,367.84                          | 0.02                |
| Torrance Public Financing - 1998 COP Fire/Police               | -                                  | 0                   |
| Animal Control Fund  | -                                  | 0                   |
| Successor Agency - Low Mod Housing Capital Project             | 10,724.23 (C)                      | 0.01                |
| Successor Agency - Downtown Debt Service                       | -                                  | 0                   |
| Successor Agency - Industrial Debt Service                     | -                                  | 0                   |
| DNA Sampling Fund  | 9,537.39                           | 0.01                |
| Airport Fund   | 6,843,746.96                       | 4.16                |
| Transit Operations   | 12,479,896.31                      | 7.59                |
| Development Impact Fund  | 1,545,323.35                       | 0.94                |
| Water Operations   | 9,024,428.78                       | 5.49                |
| Emergency Medical Service Enterprise Fund                      | -                                  | 0                   |
| Sanitation Operations  | (633,365.58) (D)                   | -0.39               |
| Cultural Arts Enterprise                                       | (104,206.30) (E)                   | -0.06               |
| Sewer Enterprise Fund  | 8,118,721.66                       | 4.94                |
| Parks & Recreation Enterprise Fund                             | 341,591.88                         | 0.21                |
| Self Insurance Fund  | 4,077,571.15                       | 2.48                |
| Fleet Services   | 18,548,597.64                      | 11.28               |
| Postemployment/Compensated Absences Fund                       | 10,549,138.59                      | 6.41                |
| Trust & Agency   | 2,741,645.89                       | 1.67                |
| <b>TOTAL CASH AND INVESTMENTS PER BOOKS</b>                    | <b>164,499,916.54</b>              | <b>100</b>          |
| <b>Redev Obligation Retirement Fund</b>                        | <b>877.10</b> (F)                  |                     |

(A) T-131 Intersection Improvements - Measure R HW - MTA Grant has a negative cash balance of <\$246,797.87>. Quarterly reimbursement request will be submitted in April 2014.

FEAP764 Torrance Transit Terminal project - Measure R HW-MTA Grant has a negative cash balance of <\$326,006.04>. Quarterly reimbursement request will be submitted in April 2014.

FEAP810 Pueblo Park Renovation - County Grant has a negative cash balance of <\$82,736.90>. Per Department, this grant requires additional documents before the reimbursement request can be submitted. Department is working on it and will submit the request as soon as they can.

I-102 Stormwater Basin Enhancement Program - State Grant has a negative cash balance of <\$25.42>. Department will request the reimbursement when more expenses are accumulated.

2011 Urban Areas Security Initiative Grant - Video Security Equipment - Police has a negative cash balance of <\$74,116>. Reimbursement request for \$74,116 has been submitted.

2012 Urban Areas Security Initiative Grant - Personal Protective Equipment - Police has a negative cash balance of <\$44,858.91>. Full reimbursement request will be submitted in April 2014.

(B) CDBG Fund has a negative cash balance of <\$274,997.69> due to I 135 Sidewalk Repair for Handicap Accessibility and Home Improvement Program charges. Reimbursement request for \$247,183 was submitted on April 2, 2014 and pending for CDBG's approval for I 135. Monthly reimbursement request will be submitted in April 2014 for HIP Program.

(C) Funds will be used to pay Coleman Court and Ocean Terrace Senior rental subsidy.

(D) Sanitation Operations Fund has a negative cash balance due to the purchase of green waste containers from Toter, Inc. for \$613,481 in May 2012 & \$500,176.05 in September 2012 and a \$145,095.72 transfer to Fleet Veh Repl Fd for a refuse truck in November 2013.

(E) Finance Department is monitoring and working with General Services.

(F) The cash balance of Redev Obligation Retirement Fund for \$877.10 is in a separate Bank of America account.



City of Torrance  
Investment Report  
March 2014

**CASH AND INVESTMENTS RECONCILIATION  
AS OF MARCH 31, 2014 (PRE-CLOSE)**

|   |                          |
|---|--------------------------|
| <b>INVESTMENTS PER PORTFOLIO SUMMARY</b>                                    | \$ 158,720,927.67        |
| Cash in Bank of America General Account                                     | \$ 4,761,264.73          |
| Cash in Bank of America Housing Account                                     | <u>1,792,405.47</u>      |
|   | 6,553,670.20             |
| <b>TOTAL FUNDS PER INVESTMENT REPORT</b>                                    | <b>\$ 165,274,597.87</b> |
| <br><b>OUTSTANDING WARRANTS:</b>  |                          |
| General Account   | \$ (535,787.91)          |
| Payroll Account   | (74,939.49)              |
| Workers' Compensation Account   | (144,848.75)             |
| Housing Account   | <u>(6,661.00)</u>        |
|   | (762,237.15)             |
| <br><b>MISCELLANEOUS OUTSTANDING ADJUSTING JOURNAL ENTRIES:</b>             |                          |
| 03/11/14 Receipts interface pending   | (107.00)                 |
| 03/14/14 Receipts interfaced on 04/02/14                                    | (1,578.40)               |
| 03/20/14 Receipts interface pending   | (100.00)                 |
| 03/21/14 Receipts interfaced on 04/01/14                                    | (1,307.31)               |
| 03/25/14 Receipts interfaced on 04/01/14                                    | (2,225.00)               |
| 03/26/14 Receipts interfaced on 04/03/14                                    | 38.00                    |
| 03/28/14 Receipts interfaced on 04/02/14                                    | (8,266.38)               |
| 03/31/14 Receipts interfaced on 04/01/14                                    | (18,591.44)              |
| 03/28/14 Receipts interfaced discrepancy, correction interfaced on 04/07/14 | \$ 1.00                  |
| IVR & Parking Web credit card receipts will be interfaced in April 2014     | (1,020.00)               |
| 03/2014 Deposit in transit  | <u>20,712.35</u>         |
|   | (12,444.18)              |
| <br><b>TOTAL CASH AND INVESTMENTS PER BOOKS</b>                             | <b>\$ 164,499,916.54</b> |